



SANDS INVESTMENT GROUP
NET INVESTMENTS... NET RESULTS



OFFERING MEMORANDUM

Triple Net (NNN) Lease Investment

2644 Mount Vernon Avenue | Bakersfield, CA 93306

EXCLUSIVELY MARKETED BY:

2



SANDS INVESTMENT GROUP
NET INVESTMENTS... NET RESULTS

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TABLE OF CONTENTS

Smart & Final Extra! | 2644 Mount Vernon Avenue | Bakersfield, CA 93306



Investment Overview

Investment Summary
Investment Highlights

Property Overview

Location Map
Aerial Map
Retail Maps

Area Overview

City Overview
Demographics

Tenant Overview

Tenant Profile
Company Timeline

Lease Abstract

Lease Summary
Rent Roll



INVESTMENT OVERVIEW

INVESTMENT SUMMARY

Sands Investment Group is Pleased to Exclusively Offer for Sale the 29,435 SF Smart & Final Extra! Located at 2644 Mount Vernon Avenue in Bakersfield, California. With Over 13 Years Remaining on a Triple Net (NNN) Lease and Attractive Rent Increases, this Opportunity Provides for a Best-of-Class Investment with Income Growth of an Established Tenant in the Desirable California Market.



OFFERING SUMMARY

PRICE	\$10,372,343
CAP	5.25%
NOI	\$544,548
PRICE PER SF	\$352.38
GUARANTOR	Corporate

PROPERTY SUMMARY

ADDRESS	2644 Mount Vernon Avenue Bakersfield, CA 93306
COUNTY	Kern
BUILDING AREA	29,435 SF
LAND AREA	2.979 AC
BUILT	2017

Actual Property Image

HIGHLIGHTS



LONG TERM INVESTMENT OPPORTUNITY

- 14 Year Triple Net (NNN) Lease – Minimal Landlord Responsibilities
- Brand New Construction Completed in 2017
- 20 Year Roof Warranty in Place
- 10% Rent Increase in Year 11 and At Options



HIGH QUALITY TENANT

- Corporate Guarantee From Smart and Final Inc, (NYSE: SFS)
- Smart & Final is One of the Most Rapidly Expanding Banners Amongst Grocery Retailers and Has Experienced an Increase in Sales Over the Last 5 Years Consecutively
- Sales Increased by 4.4% From 2017 (as of July 2018)



INTERNET RESISTANT TENANT

- Recession and Internet Resistant Tenant – Grocery Stores Provide a “Daily Needs” For Consumers Making the Property Recession and Internet Resistant



HIGH BARRIERS TO ENTRY LOCATION

- Anchor to 100% Leased Shopping Center with Tenants that Include Chipotle, Flame Broiler, Urbane Café, One Hawaiian BBQ and Sizzler
- Signalized Intersection of Mall View Road and Mt. Vernon Avenue See 98,500 Vehicles Pass Through Daily
- Direct Frontage and Exposure with High Barriers to Entry – Four Points of Egress and Ingress
- Immediate Access Off Interstate 178 & On and Off Ramp Visibility
- Pylon Signage Along Interstate 178



DOMINANT MARKET POSITION IN IDEAL CALIFORNIA LOCATION

- Densely Populated Area with Over 224,000 People Within a 5-Mile Radius
- Employee Population of Over 42,000 People Within a 3-Mile Radius
- Population Growth Expected by 2.8% Over Next 5 Years Within 3-Miles

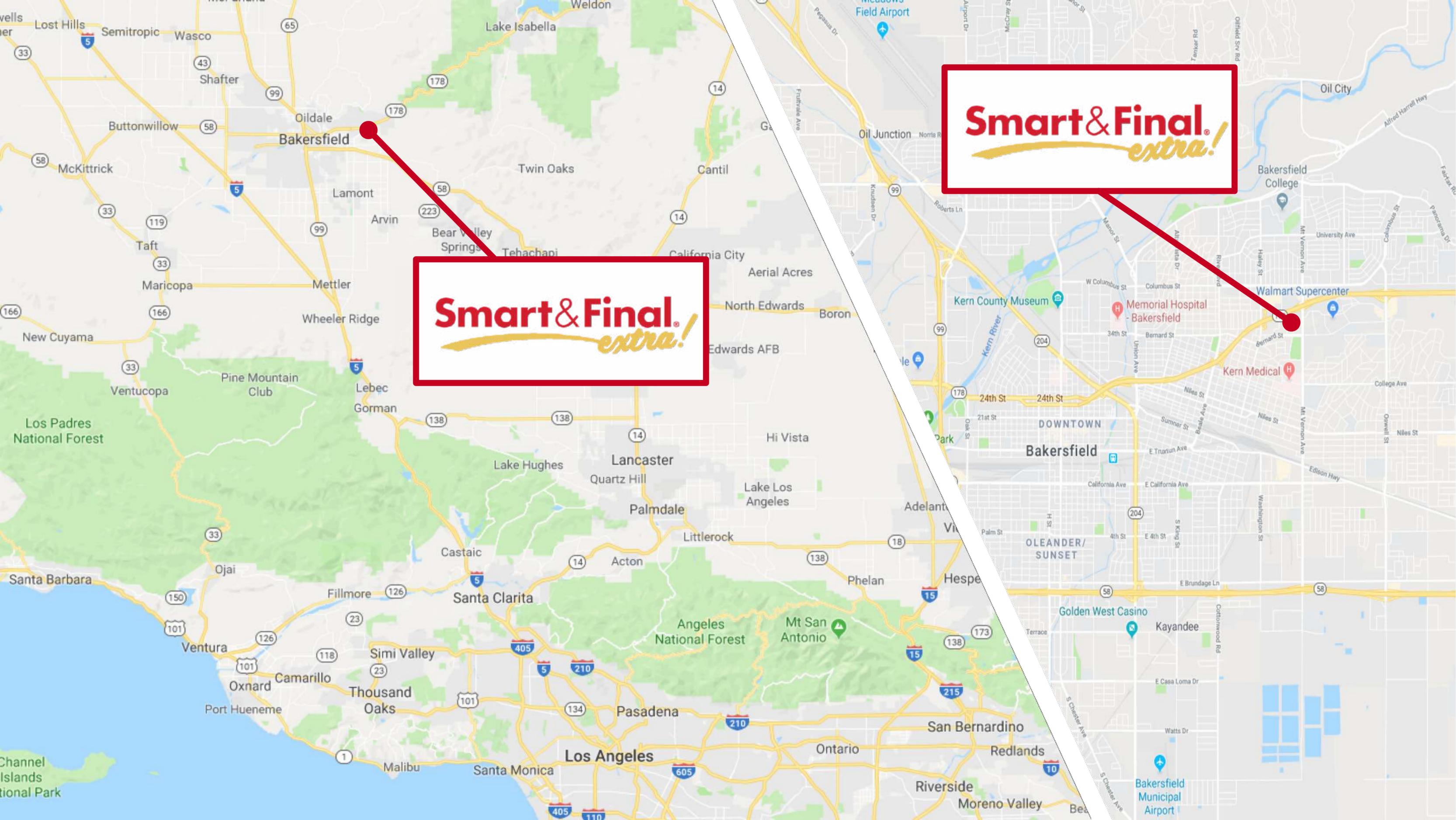


CLOSE PROXIMITY TO NATIONAL TENANTS

- Nearby Tenants Include: Target, Walmart Supercenter, Home Depot, Starbucks, Pollo Loco, Rite Aid, Lowe’s, Del Taco, Panda Express, Walgreens, Office Max and KFC



PROPERTY OVERVIEW



Smart & Final
extra!

Smart & Final
extra!

Walmart Supercenter

Memorial Hospital
Bakersfield

Kern Medical

Bakersfield

Golden West Casino

Kayandee

Bakersfield
Municipal
Airport

High Street
Skilled Care

Foods Co.

LOWE'S

College Heights
Elementary School

NEW BEGINNINGS

CALIFORNIA
178

Smart & Final

Urbane Cafe

Quickeroo

Mt. Vernon WIC

Sizzler

CHIPOTLE
MEXICAN GRILL

FLAME BROILER
SIMPLY HEALTHY

Ono Hawaiian BBQ

Mt Vernon Avenue

THE FRONT
OFFICE
MOUNTAIN VIEW
CREDIT UNION



CVS pharmacy
 CHASE
 ARCO
 Rabo AgriFinance
 Denny's
 99c only

McDonald's
 dd's DISCOUNTS
 Albertsons
 FAMILY DOLLAR
 T-Mobile
 metroPCS

WELLS FARGO
 Papa Murphy's
 Curves

Starbucks
 Bank of America
 GREEN BURRITO

LOWE'S
 O'Reilly AUTO PARTS
 PAPA JOHN'S
 SUBWAY
 DOLLAR TREE

DERREL'S
 mini STORAGE

Pizza hut
 jiffylube
 MIDAS

Mt Vernon Avenue

Foods Co

OfficeMax
 COLD STONE
 PANDA EXPRESS
 DEL TACO
 Jack in the box
 Quiznos
 Sprint
 El Pollo Loco

BEN & JERRY'S

BIG TIRES
 BIG 5 SPORTING GOODS

TARGET

Pier 1 imports

CALIFORNIA 178

THE HOME DEPOT

Sizzler
 CHIPOTLE MEXICAN BOWL

BIG LOTS!

SUPERCUTS
 metroPCS

Smart & Final
 extra!

RITE AID
 GNC LIVE WELL

Walmart Supercenter
 SALLY BEAUTY
 McDonald's
 BR bakery
 metroPCS

UnionBank
 Jack in the box
 Marie Callender's Restaurant & Bakery
 PET SMART
 SUBWAY
 IN-SHAPE HEALTH CLUBS
 goodwill
 GNC LIVE WELL
 cricket



AREA OVERVIEW



CITY OVERVIEW

Bakersfield | Kern County | California



Bakersfield, CA

Bakersfield is the county seat of Kern County in California. The city covers about 142 square miles near the southern end of the San Joaquin Valley and the Central Valley region. Bakersfield is a charter city. The city's population is approximately 380,000 residents, making it the ninth-most populous city in California and the 52nd-most populous city in the nation. The Bakersfield-Delano Metropolitan Statistical Area, which includes all of Kern County, had a 2010 census population of 839,631, making it the 62nd largest metropolitan area in the United States. The more built-up urban area that includes Bakersfield and areas immediately around the city, such as East Bakersfield, Oildale and Rosedale, have a population of over 500,000 residents. The city is the birthplace of the country music genre known as the Bakersfield sound. The city is also a significant hub for both agriculture and oil production. The city's county is the most productive oil-producing county, and the fourth most productive agricultural county in the United States.



Economy

Bakersfield's historic and primary industries have related to Kern County's two main industries, oil and agriculture. In 2013, Kern County, had the most oil productive county in America. Kern County is a part of the highly productive Dan Joaquin Valley, and ranks in the top five most productive agricultural counties in the nation. Major crops for the county include: grapes, citrus, almonds, carrots, alfalfa, cotton, and roses. The city serves as the home for both corporate and regional headquarters of companies engaged in these industries. Bakersfield also has a growing manufacturing and distribution sector. Several companies have moved to Bakersfield because of its inexpensive land and access to the rest of America, as well as international ports in both Los Angeles and Oakland. Products manufactured in the city helping its economy include: ice cream (world's largest ice cream plant), central vacuums, highway paint, and stock racing cars. Bakersfield is the largest city to have the lowest sales tax in California at the state minimum of 7.25%



Culture

Bakersfield is only 2 hours away from Los Angeles, making it the perfect day trip destination. Bakersfield also boasts several award winning museums which are all worth a look. Kern County Museum is a wonderful place that has its focus firmly set on the history of Kern County. One of its highlights is Pioneer Village, it is set within 16 acres and houses 56 buildings that reflect what life would have been like at the end of the 19th century. The buildings have all been moved from their original locations, arranged to look like an old restored town. The Buena Vista Museum of Natural History focus on geology and paleontology. The city is also home to the California Living Museum which is a zoo that focuses on plants and animals that are native to California, specifically Kern County. The city is also home to Kern Canyon, which is a beautiful canyon where visitors can take advantage of camping, hiking, fishing and other similar activities. The area has been proclaimed by the locals as being "California's best kept secret."

DEMOGRAPHICS

Smart & Final Extra! | 2644 Mount Vernon Avenue | Bakersfield, CA 93306



Population

3-MILE

122,321

5-MILE

224,138

10-MILE

521,608



Average Household Income

3-MILE

\$51,117

5-MILE

\$51,842

10-MILE

\$68,265





TENANT OVERVIEW

TENANT PROFILE



Headquartered in Los Angeles, where the Company began over 145 years ago, Smart & Final Stores, Inc. operates more than 300 grocery and foodservice stores under the “Smart & Final,” “Smart & Final Extra!” and “Smart Foodservice” banners in California, Oregon, Washington, Arizona, Nevada, Idaho and Utah, with an additional 15 stores in Northern Mexico.

For years, Smart & Final banner stores were known as the “smaller, faster warehouse store,” primarily focused on providing customers with club-size items. Throughout its evolution, it has remained committed to adapting to the changing needs of the neighborhoods it serves, most notably through its 2008 introduction of Smart & Final Extra! stores. Uniquely positioned to offer time- and money-savings for both household and business customers, Smart & Final Extra! stores include expanded fresh and frozen products, organic and natural products, bulk foods, oven-roasted chicken and many other items sold in convenient sizes. All Smart & Final stores continue to offer 50% more club-size items than a traditional club store, with no membership fee required. As of June 17, 2018, the Company operated a total of 322 stores, including 195 Smart & Final Extra! stores, 63 legacy format Smart & Final stores and 64 Smart Foodservice Warehouse stores.



COMPANY TYPE
NYSE: SFS



FOUNDED
1871



OF LOCATIONS
322+



HEADQUARTERS
Los Angeles, CA



WEBSITE
smartandfinal.com

COMPANY TIMELINE

16

Smart & Final[®]

- Founded in 1871, by Herman W. Hellman, Jacob Haas and Bernard Cohn, as Hellman-Haas Grocery Co. Purchased by Abraham Haas (the original owner of the Haas Building in Downtown Los Angeles) and Jacob Baruch, and renamed Haas, Baruch & Co in 1889. By 1895, following introduction of one of the first private label store brands, Iris, the grocer's sales reached \$2 million. The business continued to expand with Southern California's growing population for the next two decades.
- Founded in 1912, the Santa Ana Grocery Company mainly supplied feed and grain to local farmers. In 1914, J. S. "Jim" Smart, a banker from Saginaw, Michigan, and H. D. "Hildane" Final bought the company and changed the name to Smart & Final Wholesale Grocers. By 1919, annual sales for Smart & Final had reached \$10 million. During the fierce competition among expanding grocers in the 1920s, the company introduced a self-serve concept to replace reliance on clerks to fetch goods. This was called "cash and carry."
- In 1998, it acquired Portland, Oregon-based United Grocers Cash & Carry, which was renamed Cash & Carry Smart Foodservice. These stores are concentrated in the Pacific Northwest. In 2007, Smart & Final acquired 35 Henry's Farmers Markets in California and Sun Harvest Markets in Texas for about \$166 million. In 2007, the company was acquired by Apollo Global Management.
- In 2012, Apollo sold its stake in Smart & Final to Ares Management. Smart & Final went public in 2014. In 2015, Smart & Final purchased the leases on 32 locations previously operated by Haggen Food & Pharmacy. In 2017, Smart & Final opened 14 new locations.

2018 HIGHLIGHTS

Net Sales Increased 4.4% to \$1.1 Billion with a Comparable Store Sales Increase of 1.3%

Net Income of \$6.6 Million

Adjusted Net Income of \$11.4 Million

Gross Margin Increased 4.6% to \$169.7 Million

Adjusted EBITDA Increased 2.5% to \$49.3 Million

Per Q2 Smart & Final Financial Report



LEASE ABSTRACT

LEASE SUMMARY

TENANT	Smart & Final Extra!
PREMISES	Approximately 29,435 SF
LEASE COMMENCEMENT	November 8, 2017
LEASE EXPIRATION	November 30, 2032
LEASE TERM	13+ Years Remaining
RENEWAL OPTIONS	3 x 5 Year Options & 1 x 4 Year Option
RENT INCREASES	10% Bump at Year 11 & At Each Option Period
LEASE TYPE	Triple Net (NNN)
USE	Grocery
PROPERTY TAXES	Tenant's Responsibility
INSURANCE	Tenant's Responsibility
COMMON AREA	Tenant's Responsibility
ROOF & STRUCTURE	Landlord's Responsibility
REPAIRS & MAINTENANCE	Tenant's Responsibility
HVAC	Tenant's Responsibility
UTILITIES	Tenant's Responsibility
GUARANTEE	Corporate



RENT ROLL

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TENANT	SQUARE FOOTAGE	% OF TOTAL	ANNUAL BASE RENT	RENT PER SF	RENTAL INCREASE	INCREASE DATES	LEASE BEGIN	LEASE END	OPTIONS
Smart & Final, LLC (Smart & Final Extra!)	29,435 SF	100%	\$544,548	\$18.50	10%	Year 11 & At Options	11/08/2017	11/30/2032	3 x 5 Years & 1 x 4 Year

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The information contained in the following Offering Memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Sands Investment Group and should not be made available to any other person or entity without the written consent of Sands Investment Group.

This Offering Memorandum has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property.

The information contained herein is not a substitute for a thorough due diligence investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property.

The information contained in this Offering Memorandum has been obtained from sources we believe to be reliable; however, Sands Investment Group has not verified, and will not verify, any of the information contained herein, nor has Sands Investment Group conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose its contents in any manner detrimental to the interest of the Owner. You also agree that by accepting this Memorandum you agree to release Sands Investment Group and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this property.

Smart & Final Extra! | 2644 Mount Vernon Avenue | Bakersfield, CA 93306



Actual Property Image



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